

**Accuracy Rates Have Increased at Taxpayer
Assistance Centers, but Improvement Is
Needed to Provide Taxpayers Top-Quality
Customer Service**

February 2004

Reference Number: 2004-40-065

This report has cleared the Treasury Inspector General For Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

February 27, 2004

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

Gordon C. Milbourn III

FROM: Gordon C. Milbourn III
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report - Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service (Audit # 200340019)

This report presents the results of our review of the Internal Revenue Service's (IRS) responses to taxpayers' tax law questions. The overall objective of this review was to determine if the IRS provided accurate and timely responses to taxpayers' tax law questions from January through June 2003. In addition, we assessed whether IRS employees were professional and courteous to our auditors that made anonymous visits to the Taxpayer Assistance Centers (TAC). We also evaluated whether TAC addresses and office hours made available to taxpayers were accurate, whether IRS employees adhered to operating guidelines on referral procedures, and whether all taxpayers were provided an opportunity to participate in the customer satisfaction survey at the TACs. Lastly, we evaluated the TAC Quality Assurance Program.

We have issued nine bi-monthly and two semiannual reports on the results of our visits to the TACs from January 2002 through June 2003.¹ This report covers the period January through June 2003 but also includes a summary of the results of all auditor visits to the TACs from January 2002 through June 2003.

We commend the IRS for the corrective actions it has taken in response to our previously issued reports. We believe the increase in accuracy rates compared to those in the same period in Calendar Year 2002 can be directly attributed to these actions. For example, IRS employees correctly answered 71 percent of the questions asked and incorrectly referred only 2 percent to publications from January through June 2003, compared to correctly answering only 53 percent of the questions asked and incorrectly referring 20 percent to publications from January through June 2002. Overall, from

¹ A list of these reports can be found in Appendix IX.

January 2002 through June 2003, our auditors made 605 anonymous visits to 303 TACs located in 50 states and Washington, D.C. The auditors received correct answers to 729 (60 percent) of the 1,213 questions asked.

From January through June 2003, our auditors made 206 visits to 104 TACs located in 32 states² and asked 411 tax law questions that are within the scope of topics TAC employees should have been trained to answer. The auditors received correct answers to 293 (71 percent) of the 411 questions asked. For 10 (2 percent) of the 411 questions asked, IRS employees referred the auditors to IRS publications and generally advised the auditors to conduct their own research to find the answers to their questions.

Specific trends that, when addressed, may increase taxpayers' chances of receiving correct answers to their questions and consistent levels of customer service include:

- Taxpayers have a higher chance of receiving accurate answers when IRS employees follow required procedures to use tax instructions, forms, and publications to answer questions. In 76 percent of responses for which auditors documented that the employee used these materials, the questions were answered correctly.
- Taxpayers have a higher chance of receiving accurate answers when IRS employees ask probing questions to obtain relevant facts from the taxpayers. Accuracy rates were 92 percent when all probing questions were asked and only 31 percent when no probing questions were asked.
- Taxpayers that visit the TACs in certain geographical locations may receive inconsistent levels of customer service. For example, 82 percent of the questions asked in Area 4³ were correctly answered, while only 60 percent of the questions asked in Area 6⁴ were correctly answered.

IRS employees also answered tax law questions they were not trained to answer. Auditors completed visits to 85 additional TACs to determine if IRS employees referred taxpayers to the IRS toll-free telephone lines or Internet for questions out of the scope of their training. IRS employees did not follow referral procedures for 127 (57 percent) of the 223 out of scope questions asked.

In October 2002, the IRS implemented a Quality Assurance Program to provide employees feedback on ways to improve the quality of service offered in the TACs. Members of the Quality Assurance staff visited 252 TACs and asked 1,239 tax law questions, but the Quality Assurance Program does not have a process to provide accurate trending information.

Auditors had positive experiences when they visited the TACs. IRS employees were professional and courteous in 203 (99 percent) of the 206 visits. Wait time for service was 1 hour or less for 96 percent of the visits. In addition, 74 (71 percent) of the

² See Appendix V for specific states visited.

³ Area 4 states visited were Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia, and Wisconsin.

⁴ Area 6 states visited were Colorado, Hawaii, Idaho, Montana, New Mexico, Utah, and Wyoming.

104 TACs visited by our auditors had office hours listed on the IRS Internet site, *The Digital Daily*, which matched the hours posted at the TACs. However, the auditors were not offered a Customer Survey Comment Card for 92 (45 percent) of 206 visits. The IRS uses Customer Survey Comment Cards to obtain taxpayer feedback regarding the quality of customer service they receive at the TACs.

We recommended that the Commissioner, Wage and Investment Division, revise the Quality Assurance Program to include a systematic methodology to select scenarios and ensure the accuracy and sufficiency of information captured in the Quality Assurance database.

Management's Response: IRS management agreed with our recommendation and reported outcome and has already initiated corrective actions. Management appreciated our recognition of the corrective actions taken on issues identified in our previous reports, but they continued to disagree with our method of reporting referrals to publications and service denied when computing the accuracy rate. As such, they do not believe our reported accuracy rate of 71 percent is a true measure of the quality of responses provided by the IRS.

Excluding the references to publications, service denied, and referrals to other employees brings the accuracy rate to 74 percent, which management recognized is inadequate. Management's long-term approach to improving quality is the implementation of initiatives that improve the quality, efficiency, and delivery of service to taxpayers. Their plans bring together four initiatives into one project known as the Embedded Quality Business Integration (EQBI). EQBI focuses on standardized measures, employee monitoring, and enhanced feedback tools. Management's complete response to the draft report is included as Appendix XII.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendation. Please contact me at (202) 622-6510 if you have questions or Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs), at (202) 927-0597.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Table of Contents

Background	Page 1
Taxpayers Received Correct Answers to More Tax Law Questions When Compared to the Same Period Last Year	Page 4
Taxpayers Received Answers to Tax Law Questions Employees Were Not Trained to Answer	Page 9
Management Implemented a Quality Assurance Program, but Improvements Are Needed.....	Page 10
<u>Recommendation 1:</u>	Page 12
Improvements Were Made to Provide Accurate Taxpayer Assistance Center Office Hours and Addresses to Taxpayers	Page 13
Auditors Had Positive Experiences When They Visited Taxpayer Assistance Centers.....	Page 14
Auditors Were Not Always Offered Customer Survey Comment Cards	Page 14
Appendix I – Detailed Objectives, Scope, and Methodology	Page 16
Appendix II – Major Contributors to This Report.....	Page 17
Appendix III – Report Distribution List	Page 18
Appendix IV – Outcome Measures	Page 19
Appendix V – States Visited From January Through June 2003	Page 20
Appendix VI – Accuracy Rates by State January Through June 2002 and 2003	Page 21
Appendix VII – Accuracy Rates by Geographical Area January Through June 2003.....	Page 23
Appendix VIII – Accuracy Rates by Tax Law Topic January Through June 2003.....	Page 24
Appendix IX – Listing of Reports Issued for January 2002 Through June 2003 Audits	Page 25

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix X – Accuracy Rates by Month January 2002 Through June 2003.....	Page 27
Appendix XI – Accuracy Rates January 2002 Through June 2003.....	Page 28
Appendix XII – Management’s Response to the Draft Report	Page 29

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

Background

One of the Congress' principal objectives in enacting the Internal Revenue Service (IRS) Restructuring and Reform Act of 1998 (RRA 98)¹ was to mandate that the IRS do a better job of meeting the needs of its customers. In the RRA 98, the Congress directed the IRS to achieve a better balance between its post-filing enforcement efforts and pre-filing taxpayer assistance through education and service. To comply with this Congressional mandate, the IRS revised its mission statement to refocus its emphasis on helping taxpayers understand and meet their tax responsibilities.

Despite this increased emphasis on customer service, the Senate Committee on Appropriations was deeply concerned about the findings in a May 2001 Treasury Inspector General for Tax Administration (TIGTA) audit report on the IRS Taxpayer Assistance Centers (TAC).² That report showed our auditors did not receive accurate or sufficient answers to 73 percent of their tax law questions posed during anonymous visits to the TACs during January and February 2001.

Based upon the results of our 2001 review, Senator Byron Dorgan (Democrat - North Dakota), then Chairman of the Subcommittee on Treasury and General Government, proposed an amendment to the Treasury spending bill³ for Fiscal Year (FY) 2002. The amendment required the TIGTA to conduct visits to all of the TACs and report to the Congress on whether taxpayers are provided correct and prompt answers to their tax law questions. Consequently, we are conducting anonymous visits to all of the TACs over a 2-year period.

¹ Pub. L. No. 105-206, 112 Stat. 685 (codified as amended in scattered sections of 2 U.S.C., 5 U.S.C. app., 16 U.S.C., 19 U.S.C., 22 U.S.C., 23 U.S.C., 26 U.S.C., 31 U.S.C., 38 U.S.C., and 49 U.S.C.).

² *Letter Report: The Internal Revenue Service Continues to Give Incorrect Tax Law Information in Taxpayer Assistance Centers* (Reference Number 2001-40-077, dated May 2001).

³ Treasury and General Government Appropriations Act, 2002, Pub. L. No. 107-67, 115 Stat. 514 (2001).

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

TACs

One of the IRS' FY 2003 major management challenges, as defined by the TIGTA, is to provide quality customer service to each and every taxpayer. Taxpayers have several options from which to choose when they need assistance from the IRS. These options include walk-in service at the TACs, toll-free telephone assistance, and the IRS Internet site called *The Digital Daily*.

The IRS is committed to providing top-quality service to taxpayers, as shown by the IRS Field Assistance (FA)⁴ office's mission to minimize the burden to customers in satisfying their tax obligations by providing the right services at the right location at the right time. The FA office has overall responsibility for the TACs, and its services are provided in 403 TACs organized into 7 geographical areas located throughout the United States.

To accomplish its mission, the FA office provides professional assistance, education, and compliance services to customers that desire face-to-face interaction. IRS employees that work in the TACs assist customers by interpreting tax laws and regulations, preparing some tax returns, resolving inquiries on taxpayer accounts, and providing various other services designed to minimize the burden on taxpayers in satisfying their tax obligations. Operating guidelines require IRS employees to identify themselves, provide their identification number either verbally or visually to all taxpayers, and assist taxpayers in a professional and courteous manner.

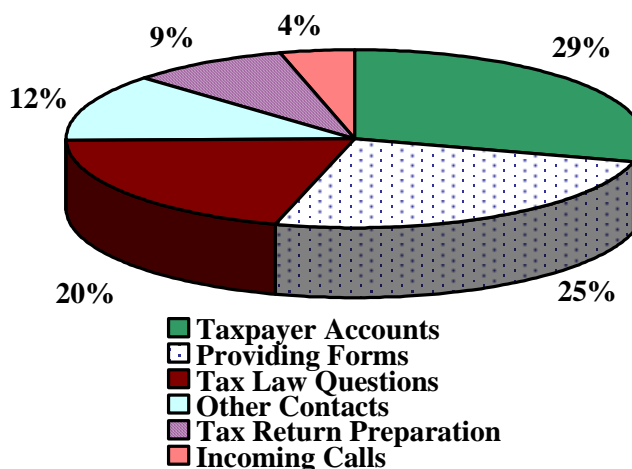
According to the IRS, the TACs served approximately 5.7 million taxpayers from January through June 2003. Approximately 1.2 million of these taxpayers visited the TACs for assistance with tax law.⁵ Figure 1 shows the percentage of time spent by employees in the TACs on the various services detailed above.

⁴ The FA office is a business unit within the Wage and Investment Division Customer Assistance, Relationships, and Education function.

⁵ The IRS provided the number of taxpayers that visited the TACs for assistance with tax law and the percentage of work shown in Figure 1. We did not verify the accuracy of the numbers.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

Figure 1: Percentage⁶ of Time Spent by IRS Employees
in the TACs Assisting Taxpayers



Source: The IRS FA office.

Auditor reviews of the TACs

We have issued nine bi-monthly and two semiannual reports on the results of our visits to the TACs from January 2002 through June 2003.⁷ This report covers the period January through June 2003 but also includes a summary of the results of all auditor visits to the TACs from January 2002 through June 2003. (See Appendix X for year-to-date accuracy rates by month.) During this period, TIGTA auditors made 605 anonymous visits to 303 TACs located in 50 states and Washington, D.C. Our auditors received correct answers to 729 (60 percent) of the 1,213 questions asked. (See Appendix XI for the overall accuracy rate from January 2002 through June 2003.)

From January through June 2003, auditors made 206 anonymous visits to 104 TACs located in 32 states. (See Appendix V for specific states visited.) During these visits, the auditors asked 411 questions related to 21 tax law topics that are within the scope of topics that TAC employees should have been trained to answer. Our questions were designed to cover a wide range of tax law

⁶ Percentages do not add to 100 due to rounding.

⁷ A list of these audits can be found in Appendix IX.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

topics to provide an overall assessment of whether taxpayers are receiving correct answers to questions that an individual taxpayer⁸ might ask when he or she visits a TAC.

This is the third semiannual trend report on the results of our visits to the TACs. The review was conducted in the IRS Customer Assistance, Relationships, and Education function in the Wage and Investment (W&I) Division and combines the results of our visits to the TACs from January through June 2003. This review was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objectives, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Taxpayers Received Correct Answers to More Tax Law Questions When Compared to the Same Period Last Year

IRS employees correctly answered 71 percent of the questions asked and incorrectly referred only 2 percent to publications from January through June 2003, compared to correctly answering 53 percent of the questions asked and referring 20 percent to publications from January through June 2002. From January through June 2003, our auditors visited 104 TACs and asked 411 tax law questions.

Figure 2 shows the breakdown of the accuracy rates for this period.

Figure 2: Responses to Tax Law Questions (411)

	Correct	Correct but Incomplete	Incorrect	Ref. to Pub.	Service Denied ⁹	Correct Toll-Free Referral ¹⁰
Responses	274	19	103	10	1	4
Percentages	67%	5%	25%	2%	0%	1%

Source: Anonymous visits performed by TIGTA auditors.¹¹

Figure 3 shows the comparison in accuracy rates for both periods in 2002 and 2003.

⁸ Individual taxpayers are nonbusiness taxpayers that file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

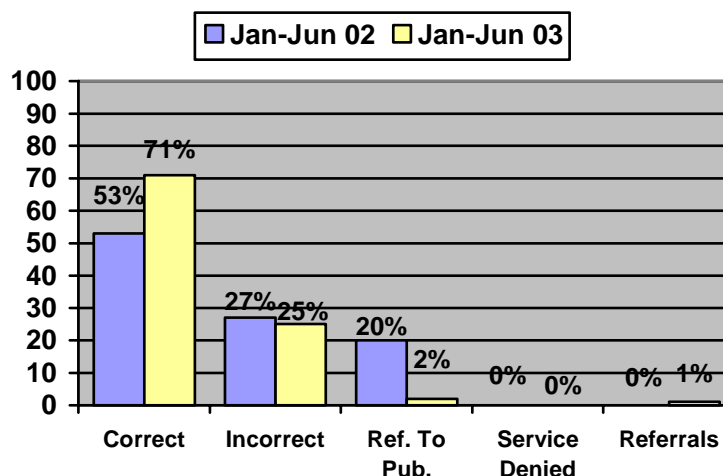
⁹ The IRS employee did not answer the question.

¹⁰ No answer was provided, but in each instance the IRS employee offered to refer the auditor to the IRS toll-free tax law telephone number to obtain an answer to the question.

¹¹ Correct plus Correct but Incomplete do not add to the 71 percent cited in the text due to rounding.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

**Figure 3: Comparison of January Through June 2002 and
January Through June 2003 Semiannual Accuracy Rates¹²**



Source: TIGTA reviews conducted from January through June 2002 and January through June 2003.

We commend the IRS for the corrective actions it has taken in response to our previously issued reports. We believe the increase in accuracy rates can be attributed to the corrective actions taken by the IRS in response to our previously issued bi-monthly and semiannual reports. For example, the Referred to Publication responses significantly decreased after the IRS implemented a zero-tolerance policy. As a result of the reduction in Referred to Publication responses, IRS employees provided responses to more questions that were correctly answered.

Despite improvements, additional managerial oversight is needed to ensure the TACs are providing top-quality customer service to taxpayers. For example, TIGTA auditors experienced minimal improvement in the number of incorrect responses received in comparison with those received in 2002. Auditors received incorrect answers to 126 (27 percent) of 470 questions asked from January

¹² The accuracy rates in the graph represent percentages and include Correct and Correct but Incomplete responses. For Referred to Publication responses, the IRS employee did not answer the question but referred the auditor to a publication. According to FA office management, referring taxpayers to a publication is considered an improper procedure. Percentages may not add to 100 due to rounding.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

through June 2002 and to 103 (25 percent) of 411 questions asked during this same period in 2003.

An analysis of the responses received from January through June 2003 to our tax law questions identified the following trends. If the IRS addresses these trends with its employees, it may increase taxpayers' chances of receiving correct answers to their questions and ensure taxpayers receive consistent levels of customer service. (See Appendix VIII for results by tax law topic.)

Taxpayers have a higher chance of receiving accurate answers when IRS employees follow required procedures to use tax instructions, forms, and publications to answer questions

Accuracy rates decrease when IRS employees do not use available tax instructions or publications to assist them in answering taxpayers' questions. IRS employees used available tax instructions or publications when answering 357 (87 percent) of the 411 questions asked. Analysis of the responses to these questions showed the accuracy rate was 76 percent. In contrast, the accuracy rate was only 43 percent when tax instructions or publications were not used.¹³

Figure 4 shows the accuracy rates for tax law questions when IRS employees did and did not use tax instructions or a publication(s) when providing assistance to our auditors.

Figure 4:¹⁴ Responses to Questions for Which Employee Use of Instructions, Forms, and Publications Was Documented (411)

	Questions Answered	Correct	Incorrect	Ref. to Pub.	Service Denied	Correct Toll-Free Referral
Form/Pub. Used	357	76%	22%	1%	0%	1%
Form/Pub. Not Used	54	43%	43%	9%	2%	4%

Source: Anonymous visits performed by TIGTA auditors.

¹³ The 76 percent and 43 percent accuracy rates include Correct and Correct but Incomplete responses.

¹⁴ Percentages may not add to 100 due to rounding.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

During the fall of 2002, IRS employees were trained in and required to use the Publication Method when assisting taxpayers. This Method requires IRS employees to obtain the appropriate publication, discuss specific information related to the topic, ask appropriate questions to obtain facts when assisting a taxpayer, and then respond to the taxpayer's issue or question.

In compliance with the Publication Method, IRS employees are to make sure taxpayers receive an answer. However, during seven of our visits, IRS employees referred the auditors to IRS publications and generally advised the auditors to conduct their own research to find the answers to their questions. Auditors also documented that some employees are still choosing to assist taxpayers without using available resources or asking all required questions.

Taxpayers have a higher chance of receiving accurate answers when IRS employees ask probing questions to obtain relevant facts from the taxpayers

IRS employees did not always ask all the probing questions outlined in tax instructions or publications. The risk that taxpayers will receive incorrect answers is increased when IRS employees do not ask all questions to obtain relevant facts.

The accuracy rate is significantly affected when IRS employees ask questions to obtain relevant facts from taxpayers. For example:

- Fifty-four (92 percent) of 59 questions for which IRS employees asked all probing questions outlined in the tax instructions and publications were correctly answered.
- Nine (31 percent) of 29 questions for which IRS employees did not ask any probing questions were correctly answered.

For each scenario, TIGTA auditors identified and remembered facts relating to all the potential probes that could be asked by an IRS employee. While all the probes may not have been necessary to provide a correct answer, certain probes provide key information needed to ensure all relevant facts were obtained from the taxpayer.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

For example:

- For 29 (60 percent) of 48 Earned Income Tax Credit (EITC) questions, IRS employees did not ask the auditors if they had valid Social Security Numbers (SSN). To claim the EITC, the qualifying child of a taxpayer must have a valid SSN.
- For 11 (61 percent) of 18 Scholarship questions, IRS employees did not ask the auditors the amounts of the scholarships they received. Scholarship money received is taxable only if the amount of the scholarship exceeds the cost of tuition, fees, and books.

By not using available resources to ask all required questions, IRS employees are making assumptions and providing answers without considering facts relevant to ensuring the answers given are correct.

Taxpayers that visit the TACs in certain geographical locations may receive inconsistent levels of customer service

The TAC location affects overall accuracy rates. Results from the TACs visited in 7 areas in 32 states from January through June 2003 show the following:

- Seventy-five (82 percent) of 92 questions asked in Area 4 were correctly answered.¹⁵
- Thirty-one (60 percent) of 52 questions asked in Area 6 were correctly answered.¹⁶
- Seven (6 percent) of 127 questions asked in Areas 5 and 6 resulted in auditors being referred to a publication, compared to none in Areas 2 and 7.¹⁷

(See Appendices VI and VII for accuracy rates by state and geographical area.)

¹⁵ Area 4 states visited were Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia, and Wisconsin.

¹⁶ Area 6 states visited were Colorado, Hawaii, Idaho, Montana, New Mexico, Utah, and Wyoming.

¹⁷ Area 2 states visited were Delaware, Maryland, and South Carolina. Area 5 states visited were Iowa, Kansas, Missouri, Nebraska, and Texas. Area 7 state visited was California.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

Taxpayers Received Answers to Tax Law Questions Employees Were Not Trained to Answer

The burden on taxpayers is increased when they rely upon the IRS to help them comply with the tax law, but they are not provided correct responses to tax law questions. If the accuracy results for the 411 questions asked between January and June 2003 are indicative of the actual responses taxpayers receive when they visit a TAC, we estimate 103 taxpayers could have received incorrect responses to tax law questions. Also, approximately 1.2 million taxpayers that visited the TACs from January through June 2003 to ask tax law questions were at risk of receiving incorrect responses to their tax law questions. We are not making any recommendations at this time but will monitor this during the annual filing season¹⁸ audits of the TACs.

When providing answers to 127 (57 percent) of 223 “out of scope” questions,¹⁹ IRS employees did not follow referral procedures. Out of scope questions are those that are beyond the level of training received by employees working in the TACs. IRS guidelines require that employees that receive an out of scope question offer to call the appropriate IRS toll-free telephone line on behalf of the taxpayer or to submit the question in writing to a subject-matter expert(s) via the Internet (R-mail).²⁰ Figure 5 provides a breakdown of employees’ answers to tax law questions beyond their level of training.

¹⁸ The filing season is the period from January through mid-April when most individual income tax returns are filed.

¹⁹ In addition to the 104 visits for tax law questions, auditors completed visits to 85 additional TACs and asked 223 questions that were beyond the IRS employees’ level of training.

²⁰ Questions submitted to the IRS R-mail system will be assigned to a designated employee who will provide an answer to the question within 15 business days.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

Figure 5:²¹ Responses to Out of Scope Tax Law Questions (223)

	Correctly Referred	Questions Answered ²²		
		Correct	Incorrect	Ref. to Pub.
Responses	96	56	32	39
Percentages	43%	25%	14%	17%

Source: Anonymous visits performed by TIGTA auditors.

The IRS does not want the employees in the TACs to answer tax law questions beyond their skill level or for which they have not been trained. This reduces employee assumptions or interpretation of tax law for complicated questions and reduces the risk that taxpayers will receive incorrect answers to their questions. Employees are not expected to be experts in all aspects of tax law. The burden on taxpayers is increased when they rely upon the IRS to help them comply with the tax law, but they are provided with incorrect answers. We are not making any recommendations at this time but will monitor this during the annual filing season audits of the TACs.

Management Implemented a Quality Assurance Program, but Improvements Are Needed

Beginning in October 2002, the FA office instituted a Quality Assurance Program for the TACs that will help identify ways to improve the accuracy and quality of its work processes. However, improvements could be made to the program to make it more effective.

As part of the Quality Assurance Program, the Quality Assurance staff plays the role of taxpayers and makes anonymous visits to the TACs, completing the steps a taxpayer might take if he or she decided to visit a TAC to obtain answers to a tax law question(s). Results of these reviews are provided to each employee's manager with specific feedback on the quality of service provided in the TACs.

During FY 2003, the Quality Assurance staff visited 252 TACs and asked 1,239 tax law questions that were within the scope of questions IRS employees are trained to

²¹ Percentages do not add to 100 due to rounding.

²² The IRS employee in the TAC should have referred the out of scope question to a toll-free telephone line or R-mail, but instead the IRS employee provided an answer.

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

answer. Based upon the IRS' request that we review the Quality Assurance Program, the following limitations were identified that, if addressed, would strengthen the program.

The Quality Assurance staff developed scenarios that were too simplistic and did not adequately assess the employees' knowledge of tax law and IRS procedures

From October 2002 through June 2003, the Quality Assurance staff asked 1,157 tax law questions (93 percent of the total for FY 2003) that the employees could easily answer (i.e., the questions did not require the employees to ask additional probing questions and for the most part could be answered with a yes or no response). In April 2003, we advised the Quality Assurance staff that they should revise the scenarios. They agreed, and in July 2003 the Quality Assurance staff began using scenarios that require IRS employees to ask probing questions to correctly answer the questions. This should allow the Quality Assurance staff to better assess the employees' knowledge of tax law and IRS procedures.

The Quality Assurance staff randomly chose scenarios and tax law topics that could inhibit trend analyses

For all 1,239 questions, the Quality Assurance staff selected questions from 24 topics designed to cover a wide range of tax law topics. In addition, each staff member selected the question(s) each preferred when making anonymous visits to the TACs. They did not weigh the number of questions asked per tax law topic or the specific number of times each scenario was used. Therefore, the Quality Assurance staff could not easily or adequately use the results to identify trends or opportunities for improvement.

The Quality Assurance Program does not have a process to provide accurate trends on the overall quality of assistance provided in the TACs

For 112 questions asked at the TACs by the Quality Assurance staff, the results were not correctly input into the Program's database. Results from the Quality Assurance staff visits to the TACs are documented in a Data Capturing Instrument sheet and manually input into a database that is used to calculate tax law accuracy rates and identify trends. The Quality Assurance staff uses the data to provide

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

feedback to TAC managers. We selected a judgmental sample of 50 of 112 questions and compared information documented in the Data Capturing Instrument to information captured in the database. For 6 (15 percent) of 40 sheets, information in the Data Capturing Instrument did not match that in the database. We were unable to locate the remaining 10 Data Capturing Instruments in IRS records.

Beginning in Calendar Year 2004, we plan to limit our reviews of the TACs to the filing season. The Quality Assurance Program will be the main source of continuous feedback to TAC employees and managers. Without a process to balance the use of scenarios and ensure accurate and sufficient information is captured in their database, the Quality Assurance staff will be unable to effectively assess the quality of service provided to taxpayers and provide useful feedback including trends to TAC managers and employees for improving the quality of service.

Recommendation

We recommend the Commissioner, W&I Division:

1. Revise the Quality Assurance Program to include a systematic methodology to select scenarios and ensure the accuracy and sufficiency of information captured in the Quality Assurance database.

Management's Response: In October 2003, the IRS changed its methodology for selecting scenarios for Quality Assurance staff reviews. Scenarios are now selected based upon the frequency of questions asked on a specific topic from Customer Account Services function toll-free telephone line data.

Beginning with the February 2004 shopping reviews, a designated reviewer will check all inputs into the database for accuracy. This will be performed monthly. In addition, the Quality Assurance manager will conduct sample reviews of each reviewer's Data Collection Instrument for accuracy.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

**Improvements Were Made to
Provide Accurate Taxpayer
Assistance Center Office Hours
and Addresses to Taxpayers**

Addresses were posted on the IRS Internet site, *The Digital Daily*, for the 104 TACs visited and matched the addresses²³ posted at the TACs for 87 (88 percent) of 99²⁴ TACs. In addition, office hours were posted on *The Digital Daily* for all 104 TACs visited and matched the office hours²⁵ posted at the TACs for 74 (71 percent) of the 104 TACs.

Taxpayers can access *The Digital Daily* and follow the appropriate links to obtain the addresses and office hours of the TACs located in their state. Taxpayers that do not have access to the Internet may call the IRS toll-free telephone numbers or automated telephone messaging system at the TACs to obtain this information.

In our first semiannual report, we made no recommendations pertaining to TAC addresses and office hours because of the IRS' response to one of our bi-monthly reports.²⁶ However, while progress was made, from July through December 2002, 2 percent of TAC addresses and 43 percent of TAC office hours posted at the TACs did not match those on *The Digital Daily*. As a result, our second semiannual trend report included a recommendation to ensure TAC addresses and office hours made available to taxpayers are accurate.

In preparing for the 2003 Filing Season, IRS managers were required to certify that all TAC office hours and addresses were correct on *The Digital Daily* and on the automated telephone messaging system at the TACs. The IRS informed us that the data available to taxpayers from its Internet site were the most reliable. Figures 6 and 7 show the comparison of TAC addresses and office hours posted on *The Digital Daily* to addresses and office hours provided to taxpayers via the IRS toll-free telephone numbers and automated telephone messaging system.

²³ Difference in addresses related to incorrect street names or the omission of building names and room numbers.

²⁴ We used 99 instead of 104 TACs because we could not determine the addresses at 5 TACs.

²⁵ Differences in office hours related to TAC filing season extended hours (i.e., Saturday and hours open beyond 4:30 p.m.) and lunch hours.

²⁶ *Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions* (Reference Number 2002-40-113, dated June 2002).

Accuracy Rates Have Increased at Taxpayer Assistance Centers, but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

**Figure 6: Comparison of Accuracy of Information Provided
via Internet to Toll-Free**

	Occurrences	Percent
Address Correct	104	100%
Office Hours Correct	93	89%

Source: Anonymous visits performed by TIGTA auditors.

**Figure 7: Comparison of Accuracy of Information Provided via
Internet to the Automated Telephone Messaging System²⁷**

	Occurrences	Percent
Address Correct	66	73%
Office Hours Correct	62	69%

Source: Anonymous visits performed by TIGTA auditors.

When TAC office hours and addresses made available to taxpayers are not accurate and timely updated, taxpayers may find it difficult to seek and obtain face-to-face contact with the IRS. We are not making any recommendations at this time but will monitor this during the annual filing season audits of the TACs.

During our visits to the TACs from January through June 2003, IRS employees were professional and courteous, limited our wait time, and appropriately provided their names.

- IRS employees were professional and courteous in 203 (99 percent) of 206 visits to the TACs.
- Wait time for service was 1 hour or less for 198 (96 percent) of our 206 visits.
- IRS employee names were given or visible in 147 (71 percent) of our 206 visits.

For 95 (91 percent) of 104 TACs visited from January through June 2003, auditors observed that Customer Survey Comment Cards were available for taxpayers. However, for 92 (45 percent) of the 206 visits, auditors were not offered a Comment Card. The IRS developed Customer Survey

Auditors Had Positive Experiences When They Visited Taxpayer Assistance Centers

Auditors Were Not Always Offered Customer Survey Comment Cards

²⁷ Percentage based upon 90 TACs because we did not start capturing this information until March 2003. In addition, there was no automated telephone messaging system number listed for one TAC.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Comment Cards to obtain feedback on the quality of service received at the TACs. Each TAC should have Comment Cards available for all taxpayers that visit the TACs for assistance, and IRS employees are required to offer a Customer Survey Comment Card to every taxpayer who is provided with face-to-face service.

Taxpayers have the option to complete the Comment Card and place it in a secure drop box located in the TAC or to mail it directly to an independent contractor the IRS hired to collect and summarize taxpayer feedback. Taxpayers that completed Customer Survey Comment Cards from January through July 2003 gave the IRS an overall customer satisfaction rate of 87 percent and dissatisfaction rate of 8 percent.²⁸

The IRS is to be commended for obtaining high satisfaction rates; however, the contractor reported that less than 4 percent of the total number of taxpayers that visited the TACs from January and July 2003 completed a Customer Survey Comment Card. While completing the Comment Card is voluntary, IRS employees that do not follow procedures to offer taxpayers Comment Cards limit opportunities for a broader depiction of how satisfied taxpayers are with the quality of service at the TACs. We will continue to monitor this area during the FY 2004 Filing Season reviews of the TACs.

²⁸ Five percent of taxpayers were neutral in their assessment of the quality of the IRS' customer service.

Detailed Objectives, Scope, and Methodology

The overall objective of this review was to determine if the Internal Revenue Service (IRS) provided accurate and timely responses to taxpayers' tax law questions from January through June 2003. In addition, we assessed whether IRS employees were professional and courteous to our auditors that made anonymous visits to the Taxpayer Assistance Centers (TAC). We also evaluated whether TAC addresses and office hours made available to taxpayers were accurate, whether IRS employees adhered to operating guidelines on referral procedures, and whether all taxpayers were provided an opportunity to participate in the customer satisfaction survey at the TACs. Finally, we evaluated the Field Assistance (FA) Quality Assurance Program.

To achieve these objectives, we:

- I. Determined if the IRS provided quality service and accurate responses to tax law inquiries at the 104 TACs visited from January through June 2003. This included evaluating the results of our visits to identify trends. We asked 411 tax law questions that an individual taxpayer¹ might ask. The questions were based upon the training provided to IRS employees in the TACs during the fall of 2002 and the scope of services for tax law assistance prescribed in the Fiscal Year 2002 FA Operating Procedures.
- II. Determined if IRS employees followed FA Operating Procedures to refer questions that were outside the scope of services they should have been trained to answer. In addition to scheduled visits, auditors completed visits to 85 additional TACs and asked 223 questions that were beyond the IRS employees' level of training.
- III. Determined the quality of service provided by the IRS employees.
- IV. Determined if accommodations in the TACs visited were suitable to provide quality customer service.
- V. Determined if Customer Survey Comment Cards were available at the TACs and offered to taxpayers.
- VI. Evaluated the IRS FA office Quality Assurance process to improve the quality of customer service offered in the TACs. We reviewed 1,239 questions and identified 112 for which the results were not correctly input into the Quality Assurance Program's database. We used a judgmental sample to randomly select 50 of 112 questions and compared information documented in the Data Capturing Instrument to information captured in the database. We used a judgmental sample because we did not want to project the results.

¹ Individual taxpayers are nonbusiness taxpayers that file United States Individual Income Tax Returns (Forms 1040, 1040A, or 1040EZ).

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix II

Major Contributors to This Report

Michael R. Phillips, Assistant Inspector General for Audit (Wage and Investment Income Programs)
Augusta R. Cook, Director
Frank Jones, Audit Manager
Russell Martin, Audit Manager
Tanya Boone, Senior Auditor
Pamela DeSimone, Senior Auditor
Lena Dietles, Senior Auditor
Deborah Drain, Senior Auditor
Jack Forbus, Senior Auditor
Robert Howes, Senior Auditor
Edie Lemire, Senior Auditor
Grace Terranova, Senior Auditor
Robert Baker, Auditor
Roberta Fuller, Auditor
Andrea Hayes, Auditor
Kathy Henderson, Auditor
Mary Keyes, Auditor

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Services and Enforcement SE
Deputy Commissioner, Wage and Investment Division SE:W
Director, Customer Assistance, Relationships, and Education, Wage and Investment Division
SE:W:CAR
Director, Strategy and Finance, Wage and Investment Division SE:W:S
Director, Communications and Liaison, Small Business/Self-Employed Division SE:S:MS:CL
Director, Field Assistance, Wage and Investment Division SE:W:CAR:FA
Director, Stakeholder Partnerships, Education, and Communication, Wage and Investment
Division SE:W:CAR:SPEC
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Management Controls OS:CFO:AR:M
Audit Liaison:
 Chief, Customer Liaison, Small Business/Self-Employed Division SE:S:COM
 GAO/TIGTA Liaison, Wage and Investment Division SE:W:S:PA

Outcome Measures

This appendix presents detailed information on the measurable impact that our recommended corrective action will have on tax administration. This benefit will be incorporated into our Semiannual Report to the Congress.

Type and Value of Outcome Measure:

- Taxpayer Burden – Potential; 103 taxpayers (see pages 4 and 10).

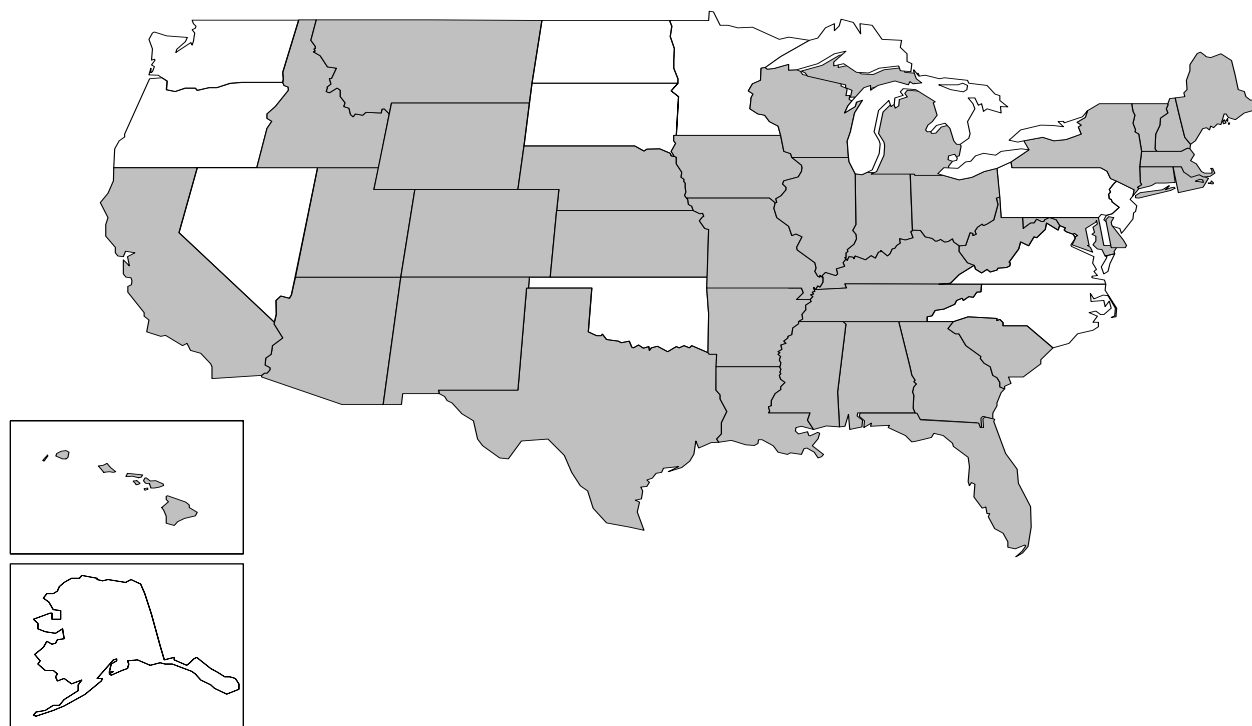
Methodology Used to Measure the Reported Benefit:

If the accuracy results for the 411 tax law questions we asked from January and June 2003 are indicative of the actual responses taxpayers receive when they visit a Taxpayer Assistance Center, we estimate 103 taxpayers could have received incorrect responses to tax law questions.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix V

States Visited From January Through June 2003



The 32 states visited in which auditors asked questions within the scope of service include Alabama, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New Mexico, New York, Ohio, Rhode Island, South Carolina, Texas, Utah, West Virginia, Wisconsin, and Wyoming.

The 27 states visited in which auditors asked questions outside the scope of service include Alabama, Arizona, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Hampshire, New York, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Wisconsin, and Wyoming.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix VI

**Accuracy Rates by State
January Through June 2002**

States Visited	Accuracy Rates¹
ALABAMA	50%
ARIZONA	45%
ARKANSAS	38%
CALIFORNIA	61%
DISTRICT OF COLUMBIA	33%
FLORIDA	44%
GEORGIA	46%
HAWAII	38%
ILLINOIS	72%
IOWA	100%
MARYLAND	13%
MASSACHUSETTS	28%
MINNESOTA	50%
MONTANA	44%
NEBRASKA	100%
NEVADA	75%
NEW HAMPSHIRE	83%
NEW JERSEY	44%
NEW YORK	60%
NORTH CAROLINA	46%
NORTH DAKOTA	100%
OREGON	58%
RHODE ISLAND	75%
SOUTH CAROLINA	19%
SOUTH DAKOTA	50%
WASHINGTON	64%
OVERALL²	53%

Source: Anonymous visits performed by Treasury Inspector General for Tax Administration (TIGTA) auditors.

¹ Accuracy rates include Correct and Correct but Incomplete answers to tax law questions. For Correct but Incomplete answers, the correct answer was given, but the Internal Revenue Service (IRS) employee did not ask all required probing questions.

² Overall accuracy rate is the result of 470 questions asked at 116 Taxpayer Assistance Centers (TAC) from January through June 2002.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

**Accuracy Rates by State
January Through June 2003**

States Visited	Accuracy Rates³
ALABAMA	75%
ARKANSAS	50%
CALIFORNIA	75%
COLORADO	75%
CONNECTICUT	50%
DELAWARE	50%
FLORIDA	68%
GEORGIA	79%
HAWAII	50%
IDAHO	50%
IOWA	100%
ILLINOIS	79%
INDIANA	100%
KANSAS	50%
KENTUCKY	80%
MARYLAND	71%
MASSACHUSETTS	75%
MICHIGAN	100%
MISSISSIPPI	83%
MISSOURI	75%
MONTANA	63%
NEBRASKA	81%
NEW MEXICO	63%
NEW YORK	75%
OHIO	75%
RHODE ISLAND	25%
SOUTH CAROLINA	75%
TEXAS	52%
UTAH	38%
WEST VIRGINIA	75%
WISCONSIN	63%
WYOMING	75%
OVERALL⁴	71%

Source: Anonymous visits performed by TIGTA auditors.

³ Accuracy rates include Correct and Correct but Incomplete answers to tax law questions. For Correct but Incomplete answers, the correct answer was given, but the IRS employee did not ask all required probing questions.

⁴ Overall accuracy rate is the result of 411 questions asked at 104 TACs from January through June 2003.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix VII

**Accuracy Rates by Geographical Area
January Through June 2003¹**

Area	Correct	%	Correct but Incomplete	%	Incorrect	%	Referred to Publication	%	Service Denied	%	Referrals	%	Questions Asked
1²	37	66	0	0	17	30	1	2	0	-	1	2	56
2³	19	53	6	17	9	25	0	0	1	3	1	3	36
3⁴	60	71	2	2	21	25	1	1	0	-	0	-	84
4⁵	67	73	8	9	16	17	1	1	0	-	0	-	92
5⁶	49	65	2	3	19	25	4	5	0	-	1	1	75
6⁷	31	60	0	0	17	33	3	6	0	-	1	2	52
7⁸	11	69	1	6	4	25	0	0	0		0	-	16
Totals	274	67	19	5	103	25	10	2	1	-	4	1	411

Source: Anonymous visits performed by Treasury Inspector General for Tax Administration auditors.

¹ Percentages do not add up to 100 due to rounding.

² Area 1 states visited were Connecticut, Massachusetts, New York, and Rhode Island.

³ Area 2 states visited were Delaware, Maryland, and South Carolina.

⁴ Area 3 states visited were Alabama, Arkansas, Florida, Georgia, and Mississippi.

⁵ Area 4 states visited were Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin, and West Virginia.

⁶ Area 5 states visited were Iowa, Kansas, Missouri, Nebraska, and Texas.

⁷ Area 6 states visited were Colorado, Hawaii, Idaho, Montana, New Mexico, Utah, and Wyoming.

⁸ Area 7 state visited was California.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix VIII

**Accuracy Rates by Tax Law Topic¹
January Through June 2003**

Tax Law Topics	Questions Asked	Correct	Correct but Incomplete	Incorrect	Referred to Publication	Service² Denied	Referrals
Adoption Credit	1	---	---	---	1(100%)	---	---
Alimony	1	1 (100%)	---	---	---	---	---
Amended Return	5	1 (20%)	3 (60%)	1 (20%)	---	---	---
Capital Gains and Losses	24	17 (71%)	---	4 (17%)	---	---	3 (13%)
Child Care Credit	8	6 (75%)	---	1 (13%)	1 (13%)	---	---
Elderly/Disabled Credit	6	4 (67%)	---	1 (17%)	---	1 (17%)	---
Child Tax Credit	19	17 (89%)	---	2 (11%)	---	---	---
Dependents	60	40 (67%)	---	20 (33%)	---	---	---
Earned Income Tax Credit	48	32 (67%)	6 (13%)	10 (21%)	---	---	---
Education Credit	16	11 (69%)	---	5 (31%)	---	---	---
Filing Status	35	32 (91%)	2 (6%)	1 (3%)	---	---	---
Gambling	4	4 (100%)	---	---	---	---	---
Interest Income	10	2 (20%)	---	8 (80%)	---	---	---
Itemized Deductions	24	12 (50%)	---	11 (46%)	---	---	1 (4%)
Medical Expenses	10	9 (90%)	---	1 (10%)	---	---	---
Retirement	57	35 (61%)	---	19 (33%)	3 (5%)	---	---
Sale of Home	17	10 (59%)	5 (29%)	1 (6%)	1 (6%)	---	---
Scholarship	18	5 (28%)	---	12(67%)	1 (6%)	---	---
Social Security Income	40	31 (78%)	3 (8%)	4 (10%)	2 (5%)	---	---
Student Loan Interest	8	5 (63%)	---	2 (25%)	1 (13%)	---	---

Source: Anonymous visits performed by Treasury Inspector General for Tax Administration auditors.

¹ Percentages do not add up to 100 due to rounding.

² The Internal Revenue Service employee did not answer the question.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix IX

Listing of Reports Issued for January 2002 Through June 2003 Audits

Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions (Reference Number 2002-40-086, dated April 2002).

Management Advisory Report: Taxpayers Continue to Receive Incorrect Answers to Some Tax Law Questions (Reference Number 2002-40-113, dated June 2002).

Management Advisory Report: Progress Was Made to Provide Taxpayers With Correct Answers to Tax Law Questions (Reference Number 2002-40-161, dated August 2002).

Trends in Customer Service in the Taxpayer Assistance Centers Show Procedural and Training Causes for Inaccurate Answers to Tax Law Questions (Reference Number 2003-40-023, dated November 2002). (Semiannual Report for January Through June 2002)

Taxpayers That Visited Taxpayer Assistance Centers in July and August 2002 Received Incorrect Answers to Some Tax Law Questions (Reference Number 2003-40-024, dated November 2002).

Taxpayers That Visited Taxpayer Assistance Centers During September and October 2002 Received More Correct Answers to Tax Law Questions Than in Prior Months (Reference Number 2003-40-040, dated December 2002).

Taxpayers That Visited Taxpayer Assistance Centers in November and December 2002 Received Incorrect Answers to Some Tax Law Questions (Reference Number 2003-40-072, dated March 2003).

Trends in Customer Service in the Taxpayer Assistance Centers Continue to Show Procedural Causes for Inaccurate Answers to Tax Law Questions (Reference Number 2003-40-158, dated August 2003).

Progress Was Made to Provide Taxpayers With Correct Answers to Tax Law Questions, but Improvements Are Needed to Ensure Referral Procedures Are Followed (Reference Number 2003-40-120, dated May 2003). (Semiannual Report for July Through December 2002)

Taxpayer Assistance Center Employees Improved the Accuracy of Answers to Tax Law Questions but Answered Some Questions Beyond Their Level of Training (Reference Number 2003-40-157, dated July 2003).

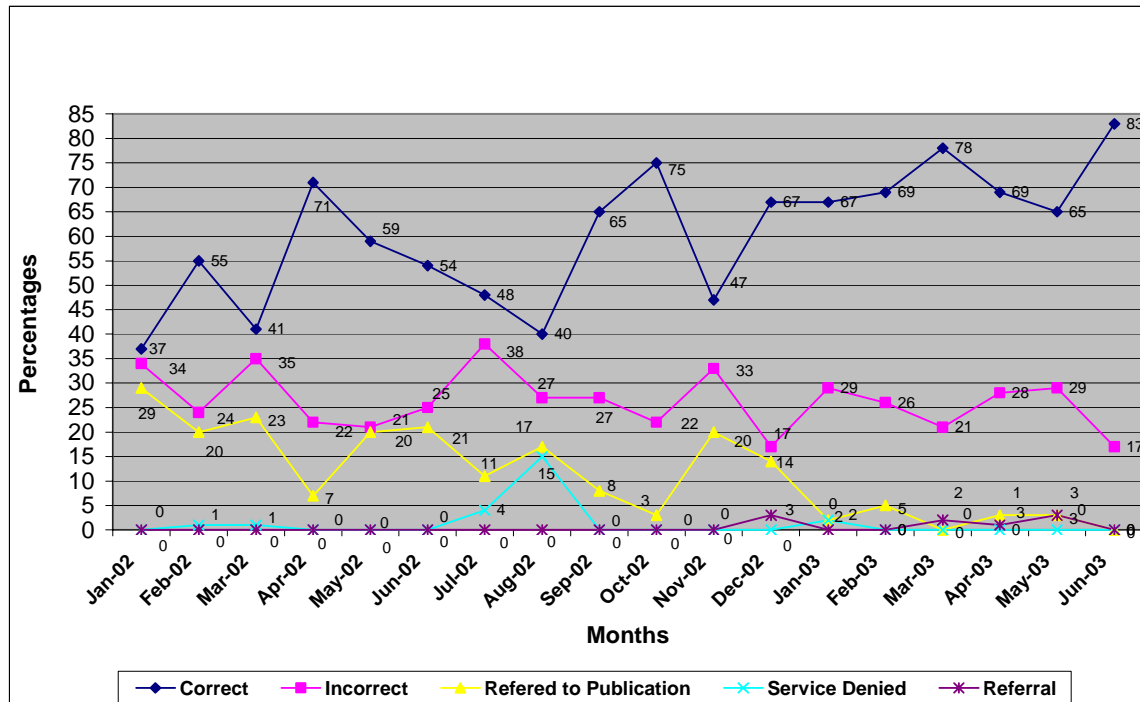
**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Taxpayer Assistance Center Employees Continued to Improve the Accuracy of Answers to Tax Law Questions During May and June 2003 (Reference Number 2003-40-198, dated September 2003).

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix X

**Accuracy Rates by Month
January 2002 Through June 2003**



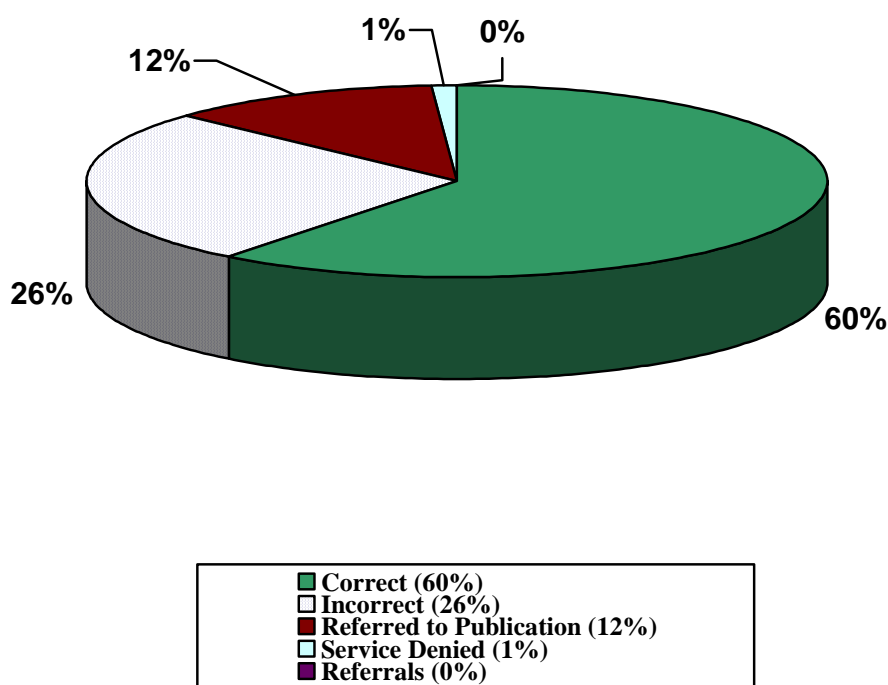
Source: Anonymous visits performed by Treasury Inspector General for Tax Administration auditors.

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Appendix XI

**Accuracy Rates¹
January 2002 Through June 2003**

From January 2002 through June 2003, Treasury Inspector General for Tax Administration auditors asked 1,213 tax law questions. The chart below shows the accuracy rates² for those questions.



¹ **Correct includes Correct but Incomplete:** The correct answer was given, but the Internal Revenue Service (IRS) employee did not ask all required probing questions.

Referred to Publication: The IRS employee did not answer the question but instead referred the auditor to a publication and advised the auditor to do his or her own research to find the answer to the question.

² Percentages do not add up to 100 due to rounding.

Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service

Appendix XII

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
ATLANTA, GA 30308

FEB 23 2004

MEMORANDUM FOR GORDON C. MILBOURN III
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM:

Henry O. Lamar, Jr. *Henry O. Lamar, Jr.*
Commissioner, Wage and Investment Division

SUBJECT:

Draft Audit Report – Accuracy Rates Have
Increased at Taxpayer Assistance Centers, but
Improvement Is Needed to Provide Taxpayers Top
Quality Customer Service (Audit # 200340019)

I am responding to your tax law accuracy report that covers January through June 2003. I do not feel the 71 percent accuracy rate is a true measure of our quality. As stated in my previous responses to your bi-monthly reports, I disagree that referrals to publications and service denied should be included in calculating our accuracy rate. I also disagree that making a referral to a publication is the same as providing an incorrect answer. Excluding the references to publications, service denied and referrals to other employees, our accuracy rate is 74 percent for the six-month period. For the same period in 2002, our computed rate was 66 percent. I believe the improvement is attributable to our aggressive efforts to improve quality. However, I do concur with the described benefit stated in your report.

We recognize that an accuracy rate of 74 percent for tax law service is inadequate. As stated in my previous responses, our long-term approach to improving quality is the implementation of initiatives that improve the quality, efficiency, and delivery of service to taxpayers. Our initiatives are in varying stages of development with timelines that extend to fiscal year (FY) 2008. Our strategic planning cycle for FY 2006 reflects a revised approach that includes the integration and coordination of our key projects: Embedded Quality, Contact Recording, E-Learning, and Q-Matic. This revised project plan brings the four separate initiatives into one project known as Embedded Quality Business Integration (EQBI). EQBI focuses on standardized measures, employee monitoring, and enhanced feedback tools.

Embedded Quality (EQ) will be the first key initiative implemented. This process will provide systematic and consistent reviews that involve every group manager and employee in Field Assistance. Using a common set of evaluated standards will

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

2

standardize managerial reviews. Reviews will be captured in a database available at all management levels. The new process and database will roll out to all field offices during April 2004. We introduced your auditors to this new process and appreciate the indications of support for EQ as the preferred vehicle to measure and improve quality.

We appreciate your review of our Quality Assurance program and recognition of the corrective actions we took in response to the issues identified. We feel our actions will allow us to better assess our employees' knowledge of tax law.

Your report also cites specific trends that, when addressed, may increase taxpayers' chances of receiving correct answers to tax law questions. These trends include higher accuracy rates when employees follow required procedures to use tax law instructions and publications, and when employees ask probing questions. Our key initiatives are designed to improve adherence to procedures and to assure probing questions are asked in every contact. Concerning the trend related to inconsistent service in certain geographic areas, we require every area to provide feedback on actions taken to address specific quality results.

Our specific actions to address your recommendation follow. If you have any questions or need additional information, please contact Ellen M. Cimaglia, Director, Field Assistance, W&I Customer Assistance, Relationships, and Education, at (404) 338-7141.

Attachment

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

Attachment

RECOMMENDATION

Revise the Quality Assurance Program to include a systematic methodology to select scenarios and ensure the accuracy and sufficiency of information captured in the Quality Assurance database.

CORRECTIVE ACTIONS

In October 2003, we changed the methodology for selecting scenarios for Quality Assurance staff reviews. Topics/scenarios are selected based on the frequency of questions asked on a specific topic from Customer Account Services (CAS) toll-free telephone line data. The Quality Assurance Manager assigns the tax law topic/scenario to the Quality Reviewers based on the CAS data. Data is collected on a Data Collection Instrument (DCI) during shopping contacts in the field. The data includes a standard set of attributes for each measure.

Beginning with the February 2004 shopping reviews, each Quality Assurance reviewer will input the data collected in each shopping contact into a database. After all data have been input, a designated reviewer will check all inputs for accuracy. This will be performed monthly. In addition, the Quality Assurance Manager will conduct sample reviews of each reviewer's DCIs for accuracy. We will initiate this process after the February visits are completed.

The monthly quality assurance report generated by the database will reflect the following measures:

- Customer Accuracy – giving the correct answer with the correct resolution.
- Regulatory/Statutory Accuracy – adhering to statutory/regulatory process requirements when making determinations on taxpayer inquiries.
- Procedural Accuracy – adhering to non-statutory/regulatory internal process requirements.
- Professionalism – promoting a positive image of the Service by using effective communication techniques.
- Timeliness – resolving an issue in the most efficient manner through proper workload management and time utilization.

We will use the results from these measures to identify areas needing additional actions to monitor employees' adherence to established procedures. The above corrective

**Accuracy Rates Have Increased at Taxpayer Assistance Centers,
but Improvement Is Needed to Provide Taxpayers Top-Quality Customer Service**

2

actions will help ensure our employees ask more probing questions as well as verify the accuracy of information in our database.

IMPLEMENTATION DATE

May 15, 2004

RESPONSIBLE OFFICIAL

Director, Field Assistance, Wage and Investment Division

CORRECTIVE ACTION MONITORING PLAN

We will use the reviews conducted by the Quality Assurance Manager and the designated reviewer to monitor the accuracy of the information on the DCIs and inputs to the database. We will use the reports generated by the database to identify areas that may need additional emphasis to ensure employees adhere to established procedures.